

Service Date: January 12, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	
of CLARK FORK WATER COMPANY for)	UTILITY DIVISION
Authority to Increase Rates and)	DOCKET NO. 87.11.75
Charges for Water Service in the)	ORDER NO. 5321
Missoula, Montana Service Area.)	

* * * * *

INTERIM RATE ORDER

FINDINGS OF FACT

1. On November 24, 1987, Clark Fork Water Company (Applicant or CFW) filed an application with this Commission for authority to increase water rates and charges to its Missoula, Montana customers on a permanent basis by approximately 31.1%. This constitutes a revenue increase of approximately \$49,638.

2. Concurrent with its filing for a permanent increase in rates CFW filed an application for an interim increase in rates of approximately 31.1%, equalling a revenue increase of approximately \$49,638, or 100% of the proposed permanent increase.

3. The Commission's examination of the data, filed in support of the Applicant's proposed rate increase, revealed an area where the Applicant's rate proposal diverges from the Commission's generally accepted ratemaking principles. The Applicant is requesting that the Commission give preapproval for utility plant investment. The request for preapproval of utility plant investment

is a significant deviation from this Commission's historic ratemaking principles. Because there is no assurance that the Commission will grant preapproval of utility plant investment on a final basis, the Commission will not grant preapproval of utility plant investment on an interim basis.

4. By excluding future plant investment from the interim revenue requirement calculation, the Commission calculated the Applicant's overall rate of return, at current rates, to be approximately 9.78%. The Commission's interim rules and guidelines call for a clear showing that the petitioning utility is suffering an obvious income deficiency before the Commission will authorize the grant of interim rate relief. Based upon the preceding discussion, the Commission cannot, without prejudging issues, find that the Applicant is suffering an obvious income deficiency.

5. Based on the preceding Findings of Fact, the Commission finds that CFW's request for interim rate relief should be denied.

CONCLUSIONS OF LAW

1. Clark Fork Water Company is a public utility furnishing water service to customers in the Missoula, Montana area, and is subject to the supervision, regulation and control of this Commission pursuant to Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the denial of an interim rate increase is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Clark Fork Water Company is hereby denied authority to implement, on an interim basis, increased rates for its Missoula, Montana customers.

DONE IN OPEN SESSION THIS 11th day of January, 1988, by a vote of 5 - 0 at Helena, Montana.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.